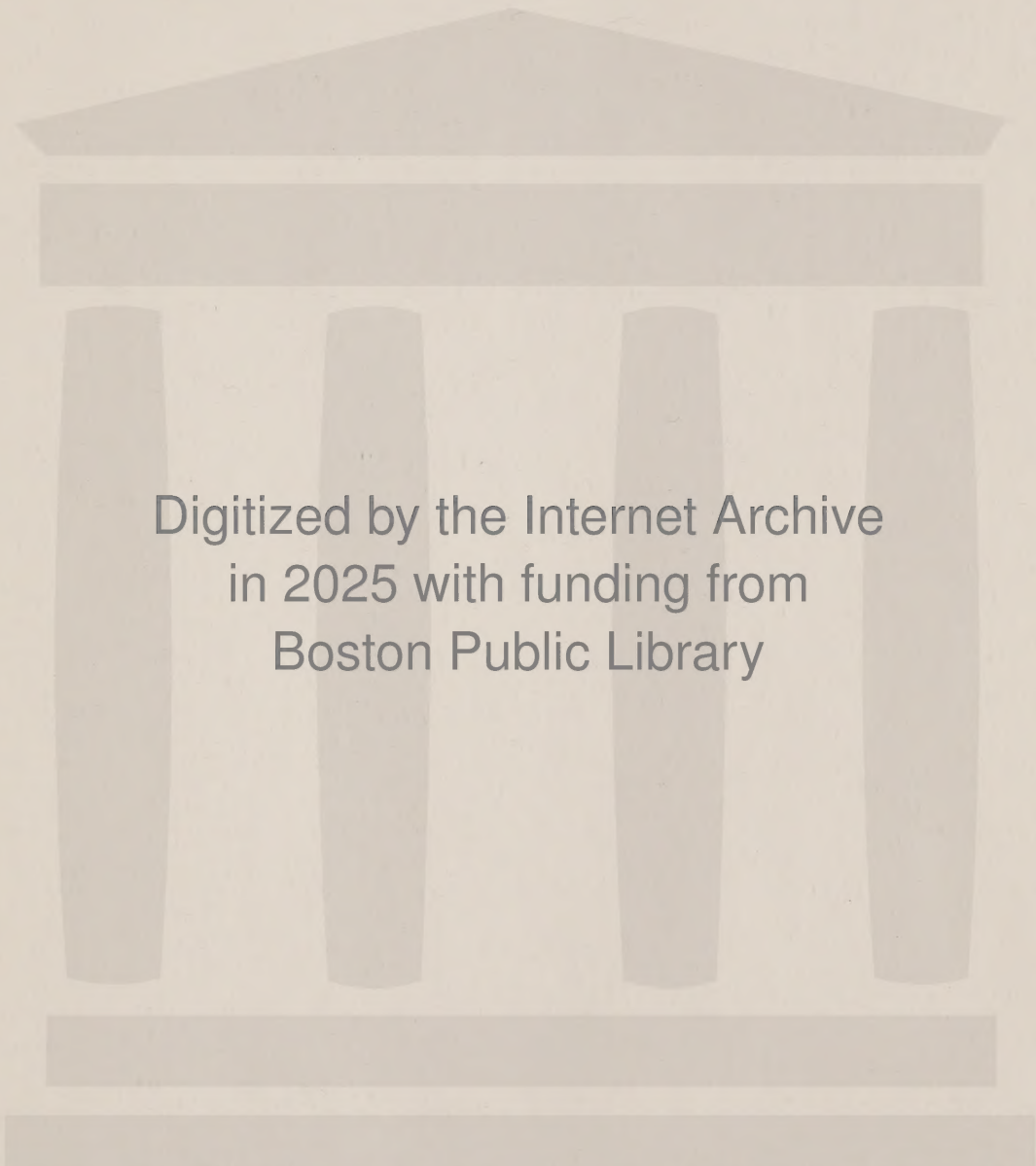
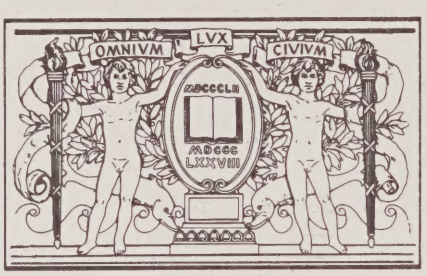
A
M3/B16
RA
85/53
✓

BOSTON PUBLIC LIBRARY
3 9999 06586 425 6


Digitized by the Internet Archive
in 2025 with funding from
Boston Public Library

https://archive.org/details/bostonhousingmar00bost



BOSTON
PUBLIC
LIBRARY

A
MB/B16
RA
85/53

BOSTON PUBLIC LIBRARY
GOVERNMENT DOCUMENTS DEPARTMENT
RECEIVED
JUN 22 1988
GB800841

THE BOSTON HOUSING MARKET AND ITS FUTURE PERSPECTIVE

Boston is experiencing a housing crisis of unprecedented proportions as growth in jobs and population outrace housing construction and conversion.

News headlines culled since August tell the story. "Soaring Price of Boston Homes Laid to Strong Economy" (N.Y. Times, Sept. 22, 1985). "Boston Leaps Near Head of Pricey Class" (USA Today, Sept. 5, 1985). "Big Incomes Make Boston Tops (In The Nation's Housing Market), Boston Homes & Condominiums, Oct. 1985. "$1 Million Price Tag Not Unusual In Boston Housing Market" (Boston Globe Sept. 30, 1985). "Flynn Pledges Low-Cost Land for Housing" (Boston Globe Sept. 1, 1985). "The Danger of Hot Housing" (Boston Globe, Aug. 19, 1985). "Affordable Housing Crisis Grows As Land Prices Soar" (Boston Globe, Sept. 7, 1985). "Demand For Low-Cost Co-ops Outstrips Availability" (Boston Globe, Aug. 23, 1985). "Artists Leaving Town; Development Craze Driving Them From Hub" (Boston Ledger, Aug. 25-31, 1985). "Wanted: An Apartment (Boston Globe, Aug. 26, 1985). "Illegal Renovations a Hub 'Pattern'" (Boston Globe, Aug. 19, 1985). "Shortage of Housing A Problem for Campuses Around State" (Boston Glove, Sept. 3, 1985). "Boston Is Growing Again After Three Decades of Sharp Population Decline" (N.Y. Times, Sept. 15, 1985). "Boston Grows As Some Suburbs Shrink" (Boston Globe, Aug. 11, 1985).

Employment has been rising smartly since 1976. Last year's job gain set a new record for Boston for recent times. And job growth at the post-1975 pace is projected for the next 10 to 15 years. Boston is favored by the transformation of its economic base with a relative

concentration in those industries--communications, money management, higher education and medicine, professional and business services--expanding most rapidly nationally. Boston's unemployment rate is the lowest in 15 years and far below that of the nation as a whole. Boston's well-being mirrors that of the metro area (with the lowest unemployment rate of the 30 largest metro areas) and the state (with the lowest unemployment rate of the ten largest industrial states). Private development investment has responded and accommodated the growth in jobs, and the five- and ten-year outlook for broadening of the economic base is outstanding with large-scale private investment recently completed, underway, scheduled and proposed at record levels.

Boston's population has been growing since 1980, reversing thirty years of decline. A confluence of factors are contributing to the population revival. The 1970-80 substantial net increase of the young adult population, and that of the more centrally located neighborhoods which they favored, has continued. The massive 1970-80 outflow of blue-collar workers and their families has ceased with the stabilization of industrial jobs and the improvement of neighborhood housing conditions. Minority population has continued to grow through natural increase for blacks and the influx of hispanic and Asian and Pacific Island migrants. Boston has been experiencing net inmigration since 1980, after 50 years of net outflow. Boston's birth rate has been rising since 1977. Empty "nesters," suburban couples whose children have left home, are selling their large houses and moving into Boston. Improved racial ambience, lower and fairer property taxes, more favorable fiscal treatment by the State Legislature this year, a citywide advance in neighborhood housing conditions, and enhancement of

the amenities have all combined to make Boston exceedingly attractive as a place to live.

Boston's population had declined steadily from 801,000, in 1950, to 563,000, in 1980. Boston's population has been growing since, and the Census Bureau has issued three reports between September 1984 and July 1985, successively raising the estimated post-1980 growth. The Census Bureau report issued July 31, 1985 cites a population increase of 10,000 for Boston, 1982 to 1984. The Boston Redevelopment Authority estimates the city's 1985 population at 604,000, an increase of 41,000 since 1980, based on the factors noted earlier as well as information on new housing construction and conversions, the decline in vacancies, and stabilization of household size.

Boston's population is projected to grow to 680,000 in 1995, representing an increase of 76,000 (13 percent). Households are expected to rise at a more rapid rate (18 percent), from an estimated 235,000, in 1985, to 278,000 in 1995 (an increase of 43,000), with a reduction in household size, from 2.4 persons per household, in 1985, to 2.3, in 1995. Boston's job growth over the 1985-95 period is projected at 100,000+.

Boston's recent and current housing production has fallen behind demand and requirements leading to the current housing crisis. In the 1970-80 decade, Boston's housing stock expanded by 9,000 dwellings, from 232,000, in 1970, to 241,000, in 1980, with the addition of 28,000 units, mostly public-assisted, and the removal of 18,000. In the five years since 1980, the housing stock has grown to 250,000 with an annual average addition of 1,700 dwelling units, made up approximately equally of net new construction and conversions (from residential and

nonresidential structures). The pace has been increasing in 1985 at a rate of approximately 2,000 dwellings a year, with an equal mix of new construction and conversions. Nevertheless, the expansion of Boston's housing stock has fallen behind the growth demand leading to record inflation of housing values and rentals. The current housing production pipeline holds little promise of a significant increase in the rate of housing additions over the next few years.

In the meantime, housing vacancies have declined sharply. As of 1985, housing vacant and available for occupancy made up only 4 percent of Boston's housing, as reported in the BRA-NDEA 1985 Household Survey, in comparison with 7.5 percent in 1980.

In comparison with the current rate of housing production, Boston would need an average annual addition of 4,000 dwelling units a year over the next ten years, to accommodate population and job growth, and at least an additional 1,000 dwellings a year for replacement of old and obsolescent housing. Boston's experience since 1980 suggests that perhaps half of these needs could be met through conversion of older structures. In effect, Boston has a housing production gap of 2,000 dwellings a year, and needs twice the rate of housing it is currently producing.

The urgency of expanding Boston's housing supply is highlighted by newly assembled information on housing value trends in Boston and its neighborhoods. In the five-year period, 1979-84, the value of one-, two- and three-family homes in Boston increased at an annual rate of 20 percent a year, as the city entered a period of housing scarcity. This contrasted with a 1975-79 annual rate of 8 percent in value and the 1955-75 annual rate of 4 percent, encompassing Boston's era of throw-away housing.

Within the city's overall experience in housing values and value change, there is a big dichotomy between Downtown and Back Bay-Beacon Hill and Boston's other neighborhoods. In 1984, the average value of a three-family home was $159,000 Downtown, $237,000 in South End, and $282,000 in Back Bay and Beacon Hill. In contrast, values stood at $82,000 in South Boston, $44,000 in Roxbury's Washington Park neighborhood, and $99,000 in Jamaica Plain.

Demand pressures on the housing supply hold special dangers for poor and low-income households who are susceptible to being priced out of their housing in this era of burgeoning inflation in rentals and housing values. Special efforts will be needed to protect the housing of the poor.

As of Spring 1985, 21 percent of Boston's population was classified as "in poverty" (less than $10,600 for a family of four). Almost half of Boston's population could be classified as low-income (double the poverty income level).

Boston's current and foreseeable needs for an expanded flow of housing is accentuated by the limited margin currently available for upgrading the quality of the housing stock. The condition of Boston's housing has been very substantially improved. In 1984, 92 percent of Boston's housing was found to be in very good and good condition, with only 8 percent classified as fair or poor, requiring moderate or substantial repair. This contrasted with the findings of a survey carried out ten years earlier (1974) when only 70 percent of Boston's housing met the standard of very good or good. In the interim, Boston's housing stock had been very substantially upgraded through new construction, demolition and rehabilitation. As a consequence, the room

for squeezing better housing out of Boston's inventory has been reduced to about 20,000 dwellings (largely public housing, 20 percent of which is vacant).

With the large gap between the current housing production pipeline and projected housing requirements, an expanded volume housing production is needed to soften the pressure on the housing of the poor and help mitigate displacement.

Alex Ganz
Research Department
October 11, 1985